

Washington State Auditor's Office
Accountability Audit Report

Aberdeen School District
Grays Harbor County

Audit Period
September 1, 2001 through August 31, 2002

Report No. 65058

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Washington
State Auditor
Brian Sonntag

Audit Summary

**Aberdeen School District
Grays Harbor County
September 1, 2001 through August 31, 2002**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Aberdeen School District for the period September 1, 2001, through August 31, 2002.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also evaluated the internal controls established by District management. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures. However, we identified one condition significant enough to report as a finding:

- The District's student enrollment records were insufficient to support the data submitted to receive state student enrollment funding.

The District is committed to resolving the issue.

RELATED REPORTS

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We appreciate the District's prompt attention to resolve prior audit issues and its commitment to ensure compliance with conditions reported this audit. We thank District officials and personnel for their assistance and cooperation during the audit.

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Grays Harbor County
September 1, 2001 through August 31, 2002**

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Description of the District

Aberdeen School District Grays Harbor County September 1, 2001 through August 31, 2002

ABOUT THE DISTRICT

The Aberdeen School District's main objective is to provide public school service to nearly 3,800 students in kindergarten through 12th grade. The District operates six elementary schools, one middle school, an alternative high school and a high school. The District is a member of the Hoquiam Transportation Cooperative, which provides transportation service for Aberdeen and Hoquiam School Districts and is operated by the Hoquiam School District. The student transportation information will be reviewed during our audit of the Hoquiam School District.

The District's five-member Board of Directors is the primary policy-making body, exercising budgetary and financial control for the District. The Superintendent, along with staff, administers day-to-day operations of the District and carries out the decisions made by the Board. The District employs 286 certificated and 246 classified staff that, besides providing basic education, provides supplemental programs and learning opportunities for students such as special education, vocational education and food services. The District operates on approximately a \$30 million annual budget.

AUDIT HISTORY

The District is audited every year. The past five audits of the District have reported two areas of concern. In the 1996-97 audit, we reported the District had over-claimed reimbursement for free and reduced lunches. In the 2000-01 audit, we reported the District was not in compliance with the time and effort requirements for federal funding. The District has addressed and corrected deficiencies noted by these findings. The current audit contains a finding regarding inadequate documentation supporting enrollment reporting.

District's management is committed to strong internal controls and compliance with applicable statutes. The District is responsive to audit recommendations made by our office. Audit concerns are often discussed, addressed and resolved before the completion of the audit.

ELECTED OFFICIALS

These members served during the audit period:

Board of Directors:

Frank Moses
Rhonda Hutchings
Brian Shea
Sandra Bielski
Robert Stewart

APPOINTED OFFICIALS

Superintendent

Martin Kay

ADDRESS

District

216 North G Street
Aberdeen, WA 98520
(360) 538-2000

Audit Areas Examined

Aberdeen School District Grays Harbor County September 1, 2001 through August 31, 2002

In keeping with general auditing practices, we do not examine every portion of the Aberdeen School District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Cash handling procedures in the student lunchroom
- Associated Student Body activities and operations
- Safeguarding of assets
- Student enrollment reporting
- Teacher education and experience (staff mix) reporting
- Student transportation ridership reporting

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Budgeting requirements
- Bond covenants
- Competitive bidding requirements
- Open Public Meetings Act

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal requirements, as applicable, for the District's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. This report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements

Schedule of Audit Findings

Aberdeen School District Grays Harbor County September 1, 2001 through August 31, 2002

1. **Enrollment records at the Aberdeen School District were insufficient to support the data submitted to receive state student enrollment funding.**

Background

School districts are primarily funded by the state, based on student enrollment. Each month, districts are required to submit a report to the Office of Superintendent of Public Instruction (OSPI) that contains enrollment information. As part of our audit, we verify the information contained in that report to the attendance records at the school.

During the 2001 fiscal year, the District began using new computer software to track attendance and enrollment at eight of nine locations. The 2001 audit identified enrollment reporting errors. The District was unaware that enrollment reports should be printed monthly. The 2001 audit recommended the District maintain adequate supporting documentation for each month's reported enrollment.

In 2002, the District has made a complete conversion to the new software.

Description of Condition

In our review of the enrollment counts reported by the District, we noted that for the 2002 fiscal year, no monthly detailed listing of students was available for the elementary schools and middle school. Thus, we could not verify the reported counts to attendance detail records.

In addition, our testing at the high school identified that attendance was not verified the first four days of September.

Cause of Condition

District officials thought they had made sufficient changes to maintain adequate supporting documentation to support the reported enrollment.

Effect of Condition

The enrollment reports are an integral part of the state funding formula for school districts. If these reports are not accurate, OSPI cannot distribute basic and education funds in accordance with legislative intent and requirements. The District reporting may have resulted in the District receiving state apportionment funding in excess of the amount it was entitled to receive.

Recommendations

We recommend District officials maintain detailed records (listing students by name) sufficient to support the enrollment counts reported on the count dates designed by the Washington Administrative Code.

We also recommend the District monitor the adequacy of the records maintained by school attendance officials.

We further recommend the District take steps to evaluate and ensure proper documentation has been maintained for enrollment reporting for fiscal year 2003.

District's Response

During the 2000-01 school year audit, it was noted that we should improve our documentation regarding enrollment, specifically stating that we should maintain adequate monthly attendance reports and adds and drops. Our efforts to comply with this recommendation included printing out enrollment numbers for each month, as well as the add/drops. We are now told that we misunderstood what documentation was required, and the result of the misunderstanding is the current audit finding.

The District is totally committed to resolving the issues that led to this finding and to keep on file all needed documentation to comply with our enrollment reporting requirements. We have already undertaken steps to rectify this deficiency for the current and succeeding years.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and look forward to reviewing the District's corrective action during our next audit.

Applicable Laws and Regulations

WAC 392-117-050 requires adequate support for enrollment/attendance data reported to the Superintendent of Public Instruction.

School districts . . . shall provide upon request by the superintendent of public instruction and for audit purposes, documentation to support all data reported
. . . .

WAC 392-121-119 requires information to be reported on the Enrollment count dates.

As used in this chapter, "enrollment count dates" means the fourth school day of September and the first school day of each of the eight subsequent months of the school year for all school districts including districts which commence basic education programs prior to September 1st.